

105TH CONGRESS
2D SESSION

S. 2188

To amend section 203(b) of the National Housing Act relating to the calculation of downpayments.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 1998

Mr. MURKOWSKI (for himself, Mr. INOUE, Mr. AKAKA, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend section 203(b) of the National Housing Act relating to the calculation of downpayments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CALCULATION OF DOWNPAYMENT.**

4 (a) IN GENERAL.—Section 203(b)(2) of the National
5 Housing Act (12 U.S.C. 1709(b)(2)) is amended—

6 (1) by striking subparagraph (B) and inserting
7 the following:

8 “(B) except as otherwise provided in this
9 paragraph, not to exceed the sum of—

1 “(i) the amount of the mortgage in-
2 surance premium paid at the time the
3 mortgage is insured; and

4 “(ii)(I) in the case of a mortgage for
5 a property with an appraised value less
6 than or equal to \$50,000, 98.75 percent of
7 the appraised value of the property;

8 “(II) in the case of a mortgage for a
9 property with an appraised value in excess
10 of \$50,000 but not in excess of \$125,000,
11 97.65 percent of the appraised value of the
12 property;

13 “(III) in the case of a mortgage for a
14 property with an appraised value in excess
15 of \$125,000, 97.15 percent of the ap-
16 praised value of the property; or

17 “(IV) notwithstanding subclauses (II)
18 and (III), in the case of a mortgage for a
19 property with an appraised value in excess
20 of \$50,000 that is located in a State for
21 which the average closing cost exceeds 2.10
22 percent of the average, for the State, of
23 the sale price of properties located in the
24 State for which mortgages have been exe-

1 cuted, 97.75 percent of the appraised value
 2 of the property;”;

3 (2) in the first undesignated paragraph follow-
 4 ing subparagraph (B)—

5 (A) in the first sentence, by inserting be-
 6 fore the period at the end the following: “, and
 7 the term ‘average closing cost’ means, with re-
 8 spect to a State, the average, for mortgages ex-
 9 ecuted for properties that are located within the
 10 State, of the total amounts (as determined by
 11 the Secretary) of initial service charges, ap-
 12 praisal, inspection, and other fees (as the Sec-
 13 retary shall approve) that are paid in connec-
 14 tion with such mortgages”; and

15 (B) by striking the second sentence; and

16 (3) in penultimate undesignated paragraph fol-
 17 lowing subparagraph (B)—

18 (A) in the second sentence, by striking
 19 “the preceding sentence” and inserting “this
 20 subsection”; and

21 (B) by striking the first sentence.

22 (b) CONFORMING AMENDMENT.—Section 203(b) of
 23 the National Housing Act (12 U.S.C. 1709(b)) is amended
 24 by striking paragraph (10).

1 (c) APPLICABILITY.—The amendments made by this
2 section shall apply to a mortgage that is endorsed for in-
3 surance under the National Housing Act on or after the
4 date of enactment of this Act.

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